

EXHIBIT 3
DATE 2/8/07
HD 464

INSTRUCTION NO. _____

Insurance companies are not expected or required to simply open their purses each time a claim is made since they are businesses. However, the insurance companies do have a duty to investigate timely and to pay legitimate covered claims for which their insureds are liable. When coverage and liability are established, a game of the strong against the weak can begin. A claim known to be valid and legitimate can be settled for far less than its actual value if the need for funds by the victim is great enough and the insurance company is obstinate enough to use its knowledge of that fact to force acceptance of a lesser sum. The theory of the game is to put the victim in a position where anything is better than nothing. Montana's Unfair Trade Practices Act provides that an insurer's obligation to settle a claim promptly arises when liability has become reasonably clear to prohibit insurance companies from taking advantage of a game of the strong versus the weak.

Given: _____
UNITED STATES MAGISTRATE JUDGE

Source: Holmgren v. State Farm Mut. Auto. Ins. Co., 976 F.2d 573 (9th Cir. 1992).

Proposed by P(#8), D(#____), Ct(#____)

Disposition G ____ R ____ W ____